

Identification of the Area

Name or Designation:

Area 30 is known as Seattle Central Business District and includes the following neighborhoods: The International Historic District (30-10), Pioneer Square Historic District (30-20), Downtown Office Core II (Area 30-30 and Area 30-70), Downtown Office Core I (Area 30-40), Downtown Mixed Commercial (Area 30-50), Downtown Mixed Commercial/south portion of Denny Regrade (Area 30-100), Downtown Retail Core (Area 30-60) and the Pike Place Market Historic District (Area 30-80).

Boundaries:

Area 30 is bounded to the North on Denny Way – the Southern border is west along S. Dearborn St. to 4th Avenue S. then to S. King Street – bounded to the West on Alaskan Way – and bounded to the East on Interstate 5 freeway.

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

Area 30 is known as the Seattle Central Business District or the Commercial Core. It is considered downtown's largest and most developed neighborhood. The area is Puget Sound's major employment center, a lively tourist and convention attraction, a strong shopping magnet, a thriving residential center, and a regional cultural and entertainment hub. The Commercial Core's unique neighborhood identity reflects its role as the heart of Seattle's Downtown Urban Center. Area 30 is comprised of Seattle's Retail Core, Financial Center/Office Core, City and County Government Centers, Pike Place Market Historic District, Pioneer Square Historic District, Chinatown/International Historical District and the Denny Triangle Neighborhood.

Area 30 is subdivided into nine neighborhoods and typically distinguished by their predominant zoning classification. The following is a brief description of each:

International District: Area 30-10

Boundaries: This neighborhood comprises the International District and is defined by IDM and IDR zonings. The Southern boundary is Dearborn St. The Western boundary is Fourth Ave S. The Northern boundary is Yesler Way and the Eastern Boundary is Interstate 5.

Neighborhood Description: The International District is a designated historic area consisting of older existing buildings that are located adjacent to the Pioneer Square District, Safeco Field, and Seattle Central Business District. The International District has IDM and IDR zones that are historic overlays restricting redevelopment conforming to historical requirements. The International Special Review District was established in 1973 to preserve the area's cultural and historical character of its neighborhood. The Seattle Chinatown-International District Preservation Development Authority (PDA) was created in 1975 as a public corporation to redevelop historic buildings for a number of uses, most importantly, low-income housing. Currently, most of the rehabs done in this area are through the PDA. New developments in the area are the recently completed Village Square, the redevelopment of the Kong Yick Bldg. into the new Wing Luke Museum, two new low income housing buildings and planned remodels of three recently purchased old condemned hotel buildings.

The competing neighborhood to this area is Area 30-20, the Pioneer Square Historic District. Both of these neighborhoods are considered historical landmark areas and have zone classifications that restrict redevelopment conforming to historical requirements. Therefore, these two areas are similar in location, amenities, zone requirements and restrictions.

The Pioneer Square Historic District Neighborhood: Area 30-20

Boundaries: This neighborhood is defined by the boundaries of the Pioneer Square Mixed zone classification established by the City of Seattle. The northern boundary zigzags from Columbia Street and First Avenue to Cherry Street and Second Avenue to James Street and Third Avenue to Jefferson Street. The southern boundary is along King Street to Occidental Street to South Dearborn Street. The western boundary is along Alaskan Way, and the eastern boundary is along Fourth Avenue.

Neighborhood Description: Pioneer Square Preservation District is Seattle's first neighborhood and first historic district. Pioneer Square is a well-preserved commercial district located in Seattle's original commercial center, just north of the baseball stadium, Safeco Field, and the Qwest football stadium. To the east of Pioneer Square is the Union Station development. Today Pioneer Square is home to residents, galleries, shops, and restaurants as well as distribution and technology firms. The late nineteenth century brick and stone buildings characterize the District, many built in the Romanesque Revival style that was popular when the city rebuilt its central core after a devastating fire in 1889. According to the Pioneer Square Preservation District Urban Conservation report from the City of Seattle Department of Neighborhoods, Pioneer Square has the largest collection of such buildings in the country. Established as a preservation district in 1970, the neighborhood is protected by design guidelines focused on preserving its unique historic and architectural character and assuring the sensitive rehabilitation of buildings. Successful implementation of these guidelines has made Pioneer Square one of Seattle's most treasured neighborhoods, which draws thousands of visitors and tourists each year.

New construction in this neighborhood is scant but remodels of the Lutheran Compass Center, Masin's Furniture, The Duncan Bldg., The Cadillac Hotel, Washington Shoe and Buttnick buildings indicates strong interest. There has been more sales activity in this neighborhood, than any other in Downtown Seattle.

The district has a Board of Directors as members of the Department of Neighborhoods to review and to approve any change to the exterior of existing structures. As well as, implementing the use and design guidelines to establish preservation of the neighborhood's appeal as to complement and enhance the historic character of the District and to retain the quality and continuity of existing buildings.

New construction and remodeling, additional stories to existing buildings are discouraged unless they are the original structures. New construction and remodeling must be visually compatible with the predominant architectural style of the building materials within the inherent historic character of the district. Although new projects need not attempt to duplicate original facades, the design process ought to involve serious consideration of the typical historic building character and details with the district. The district's guidelines of building restoration and renovation are the stabilization of significant historical detailing, respecting the original architectural style, compatible scale, and materials. Several Low Income Housing groups have expressed continued interest in this neighborhood and plan renovations to existing buildings.

Demolition or removal of buildings or other structures in the District is prohibited unless approved by the Department of Neighborhoods Board. The following prerequisites for approval for building demolition or removal are: existing buildings or structures do not contain any architectural or historic significance; use and design of the replacement structure; commitment for interim and long-term financing for the replacement structure has been secured with adequate financial backing to ensure completion of the project; satisfactory arrangements have been made for retention of any part of the structure's façade; and satisfactory assurance is provided that new construction will be completed within two (2) years of demolition.

Pioneer Square has a consistent pattern of building heights, and the board strives to maintain that scale. The district has been divided into three distinct areas according to topography, building character, and specific guidelines, which have been developed for each, and the following are:

Area 1 (PSM 100): Infill development should correspond closely to general patterns of development along street fronts. A new building may exceed the height of the tallest building on the block or the adjacent block frontage by 15 feet, but in no case shall the height exceed 100 feet.

Area 2 (PSM 100-120): Development of more residential uses is encouraged. Taller existing structures and a slight change in topography make higher buildings appropriate in this area. New buildings should be limited to 100 feet if the principal use is other than residential. If 75% or more of the building floor area is developed as residential uses, a 120 feet height limit is permitted.

Area 3 (PSM 85-120): The objective of this area is to redevelop vacant or under-utilized sites with new buildings in scale and character with the district. A maximum height of 85 feet will apply, but to encourage residential use, height may, with the board's approval, be increased to 120 feet if 50% of the project is committed to residential use.

Downtown Office Core II: Area 30-30 and Area 30-70

Boundaries: This area is comprised of two pockets that lay at the northern and southern boundaries of the Downtown Office Core I boundaries as established by the City of Seattle. It is irregular in shape and is best defined by the boundaries described in the Downtown Office Core 2 boundaries established by the City of Seattle.

Neighborhood Description: The Downtown Office Core II (DOC-2) area of the Seattle Central Business District is an area of limited high-rise construction, and it is designated as an expansion area for office buildings in the central business district. Both high-rise office and hotel construction is expanding into the subject neighborhood from the adjacent highly developed office and retail core. The Downtown Office Core II (DOC-2) serves as an additional expansion area from Downtown Office Core I (DOC-1) and Downtown Retail Core (DRC).

Area 30-30 is considered as the City and County Government Center, where most of the government buildings are located. This neighborhood is a very small portion of the total area with a total of 36 parcels, 23 of which are improved parcels falling within the Geographic Appraiser's responsibility. The remaining properties are large office buildings, which are valued by the Office Specialist. Recent developments include the demolition of the Public Safety Building and construction start on the new county garage.

Area 30-70 is considered as a portion of the Financial Center/Office Core and Denny Triangle. This area consists of mid to high-rise office, hotels, and retail structures. Approximately 70% of the parcels in this neighborhood are either vacant or the land value exceeds the property value via the income approach. Many of the older existing retail buildings and theaters have been remodeled and/or renovated. There has been much interest in the area lately as evidenced by sales. Much redevelopment is on the horizon with land sales brisk and developers tying up vacant land with purchase options. New projects are the recently completed Federal Courthouse and the rehabilitation of the Camlin Hotel into a Trendwest Resort.

Area 30-30's zone classification is "Downtown Office Core 2 – 240" (DOC2-240) indicates a maximum building height limit of two hundred forty feet (240 feet) above street elevation. Area 30-70's zone classification is "Downtown Office Core 2 – 300" (DOC2-300) indicates a maximum building height limit of three hundred feet (300 feet) above street elevation. Both of these zone classifications contain street-level use requirements, which are: 1) retail sales and services, except lodging; 2) human service uses and child care centers; 3) customer service offices; 4) entertainment uses, including cinemas and theaters; 5) museums and libraries; and 6) public atriums. The Downtown Office Core 2 (DOC 2) zone permits all central business district uses such as office, hotel, retail, mixed use residential, and parking garage structures, etc. The following uses shall be prohibited as both principal and accessory uses: drive-in businesses, except gas stations located in parking garage structures; outdoor storage; all general and heavy manufacturing uses; all salvage and recycling uses except recycling collection stations; and all high-impact uses.

Downtown Office Core 1: Area 30-40

Boundaries: The Downtown Office Core 1 (DOC 1) zone encompasses the area south of Union Street, west of Interstate 5 freeway and north of an irregular stepped boundary from Jefferson Street to a position mid-block between First Avenue and Second Avenue on Madison Street and thence north to Union Street.

Neighborhood Description: DOC 1 is the official designated portion of Seattle's Downtown Central Business District for the highest density of land use development. High-rise office buildings and major hotels exemplify the highest intensity of land use. This area is considered as the Financial Center of the Office Core. This area consists of high-rise office buildings such as Bank of America Tower, ATT Gateway Office Tower, Washington Mutual Tower, First Interstate Building, Bank of California Building, BA Fifth Avenue Building, BA National Bank Building, Two Union Square Building, and Rainier Plaza Building. Benaroya Hall and Seattle Art Museum, two of Seattle's cultural resources, are located on Second Avenue between Union Street and University Street. The Fifth Avenue Theatre, located on Fifth Avenue between Union Street and University Street, has been a historic structure in Downtown Seattle for many years and has been renovated to a Broadway style stage theater. A new 37-story office tower known as the IDX Tower at Fourth and Madison has recently been completed. Recently, the new city hall and plaza have been completed and the WAMU/Seattle Art Museum project has been started.

The zone classification in this neighborhood is "Downtown Office Core 1 – 450" (DOC 1-450), which indicates a maximum building height limit of four hundred and fifty feet (450 feet) with street-level use requirements. Street-level uses that qualify and meet requirement are: 1) retail sales and services, except lodging; 2) human service uses and child care centers; 3) customer service offices; 4) entertainment uses, including cinemas and theaters; 5) museums and libraries; and 6) public atriums. The following uses shall be prohibited as both principal and accessory uses: drive-in businesses, except gas stations located in parking garage structures; outdoor storage; all general and heavy manufacturing uses; all salvage and recycling uses except recycling collection stations; and all high-impact uses.

Downtown Mixed Commercial: Area 30-50 and Area 30-100

Boundaries: The Downtown Mixed Commercial (DMC) zoned area starts at the northeast corner of Denny Way and Interstate 5 freeway and extends around DOC 2 and DOC 1. Area 30-50 is located south of Union Street, north of Columbia Street, west of Alaskan Way, and east of First Avenue. Area 30-100 is between the Downtown Retail Core and Pike Place Market area; zigzagging along the eastern boundaries of Belltown neighborhood; then zigzagging along the western boundaries of Downtown Office Core II; and extended north to Denny Way and Interstate 5 freeway.

Neighborhood Description: The properties in the Downtown Mixed Commercial (DMC) area are diverse with mixed commercial use. Area 30-50's zone classification is "Downtown Mixed Commercial 160 (DMC 160)" indicating a maximum building height limit of one hundred and sixty feet (160 feet). The neighborhood is directly across from the Washington State Ferry terminal, which provides public ferry transportation across the Puget Sound to and from the Kitsap County area.

Area 30-100 is known as the Denny Triangle area and consists of mixed-use commercial properties. The zones in this neighborhood are Downtown Mixed Commercial 125 (DMC 125), Downtown Mixed Commercial 160 (DMC 160), and Downtown Mixed Commercial 240 (DMC 240). These zone classifications indicate a maximum building height limit ranging from sixty-five feet (65 feet) to two hundred and forty feet (240 feet).

Area 30-100 consists of mixed-use office, retail, hotel, theaters, apartments, warehouse, manufacturing, and condominiums with mixed-use commercial - residential structures. The northern portion of Area 30-100 is a mixture of commercial properties with many surface parking lots and several auto dealerships. Area 30-100 is in the process of revitalization. In the past two years several existing older buildings have been remodeled, renovated, or demolished to add new mid-rise structures, mostly apartments and condominiums with mixed-use commercial. Approximately 79% of the parcels in this neighborhood are either vacant or the land value exceeds the property value via the income approach. At present, several residential projects are under construction in this area including the new Paul Allen residential/grocery store/hotel. Also Cornish School of Arts has increased its' presence with the purchase and redevelopment of two older buildings with plans for more.

Area 30-50 consists of mixed use of office, retail, and warehouses structures, as well as, surface parking lots. This area is in a slow process of revitalization with some buildings having been remodeled or renovated over the past several years. Vacancy in this neighborhood has risen sharply with the vacated Amgen/Immunex offices.

Area 30-50 and Area 30-100 are zoned as a band intended to separate the Office Core and Retail Core from residentially zoned downtown areas. In addition, these areas are zoned as a buffer around the office and retail zones.

Downtown Retail Core: Area 30-60

Boundaries: The boundaries of Downtown Retail Core (DRC) are south of Olive Way, north of Union Street, east of Second Avenue, and west of Sixth Avenue.

Neighborhood Description: The Downtown Retail Core is Seattle's major retail area and considered as a strong shopping magnet with a lively tourist and convention attraction. The area consists of major department stores, mixed retail stores, and many upscale retail stores. This area has been revitalized with anchor owner Nordstrom staying in this area. The long time major department store Frederick and Nelson's building was purchased by Nordstrom in 1997 and renovated into the new Nordstrom Flagship store. The old existing Nordstrom Building, located on Fifth Avenue between Pine Street and Pike Street, has been renovated into office and retail space and recently sold to a German investor. The Bon Marche is now Macy's. Also the Old Navy Building sold. There seems to be a great deal of national and international interest in Seattle's retail core. Store chains want to have a presence here and investors want properties to rent.

The Downtown Retail Core consists of the following buildings, which are considered as Landmark by the City of Seattle: Sixth and Pine Building, 523 Pine Street; Decatur Building, 1513 Sixth Avenue; Coliseum Theater, Fifth and Pike; Seaboard Building, 1506 Westlake Avenue; Fourth and Pike Building, 1424 Fourth Avenue; Pacific First Federal Savings, 1400 Fourth Avenue; Joshua Green Building, 1425 Fourth Avenue; Equitable Building, 1415 Fourth Avenue; 1411 Fourth Avenue Building, 1411 Fourth Avenue; Mann Building, 1411 Third Avenue; Olympic Savings Tower, 217 Pine Street; Fischer Studio Building, 1519 Third Avenue; Bon Marche, Third and Pine; Melbourne House, 1511 Third Avenue; and Former Woolworth's Building, 1512 Third Avenue.

The zone classification is Downtown Retail Core 85-150 (DRC 85-150), which allows a building height limit from 85 to 150 feet, coupled with significant retail requirements. Presently, the City of Seattle has proposed a rezone of the east side of Second Avenue starting between Stewart Street to Union Street changing the zone classification from Downtown Retail Core 85-150 (DRC 85-150) to Downtown Mixed Commercial 240 (DMC 240). The current Downtown Retail Core (DRC) is focused in the Westlake area and is growing eastward around the new Pacific Place Center and up Pike Street toward the Convention Center.

Pike Place Market: Area 30-80

Boundaries: Pike Place Market's boundaries are south of Lenora Street, north of Union Street, east of Elliott Avenue, and west of First Avenue.

Neighborhood Description: Seattle's Pike Place Market is the last farmer's market in the United States, which has not been modernized, and therefore, to a large degree it is unspoiled. It was established by an ordinance in 1907. By 1917, much of the Market we know today was constructed, which is known as the Economy Market, Corner Market, Sanitary Market, and the lower levels of the Main Market. In the 1920's and 1930's when many farmers grew their produce closer to Seattle, there were more farmers' stalls than there are now. Nevertheless, loss of these stalls has been made up by a greater variety of other vendors and retail outlets. In November of 1971, the people of Seattle, by initiative measure at the municipal general election, voted to preserve the character and flavor of this market for all time. Specifically, they established a seven-acre Pike Place Market Historical District to be administered by a twelve-member citizen commission with the aid and cooperation of the City's Department of Community Development.

Today, remodeled/renovated retail stores, hotels, restaurants, and mixed-use condominiums/apartments with retail and restaurant space exist within the Pike Place Market Historical District area. The neighborhood is Seattle's number one tourist attraction.

The Pike Place Market Historic District's zone classification is Pike Market Mixed 85 (PMM 85). This zone only permits uses within the Pike Market Historic District, which shall be determined by the Pike Place Market Historic Commission pursuant to the Pike Place Market Historic District Ordinance, Chapter 25.24 Seattle Municipal Code. The Pike Place Market Historic District Ordinance is the vehicle for preservation of the Market as a community and regional asset. It provides the means for control of changes and modifications in the Pike Place Market Historic District. These guidelines, issued pursuant to Ordinance (SMC 25.24), are to help preserve and improve the District, and are designed to be sensitive to its unique characteristics.

The guidelines of the ordinance for any additions or changes to buildings shall maintain the character of the Market. This may be achieved by assuring that any repair or new construction fits the general requirements and the special characteristics of each area in the Market District. Any demolishing, building, renovating, altering, modifying, changing, improving and even painting, as well as changes in use within the District must be approved by the commission.

Physical Inspection Identification:

The neighborhood that was physically inspected for the 2005 assessment year is 30-100.

Preliminary Ratio Analysis

A Ratio Study was completed just prior to the application of the 2005 recommended values. This study benchmarks the current assessment level using 2004 posted values. The study was also repeated after application of the 2005 recommended values. The results are included in the validation section of this report, showing improvement in the Coefficient of Variation (COV) from 20.59% to 5.27%, Coefficient of Dispersion (COD) from 14.22% to 3.88%, and the weighted mean statistical measure of assessment level went from 74.7% to 96.2%.

Scope of Data

Land Value Data:

Vacant sales from 1/2/2002 to 9/27/2004 were given primary consideration for valuing land. Improved sales with demolition, new construction and renovation activities after the sale date represent tear down, "shell" sales or interim use sales. Those sales have been analyzed to reflect improvement contributions to overall price, where appropriate, thereby indicating the value allocation to the land.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified, if possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides in the Assessor's procedure manual located in the Public Information area of the King County Administration Building.

Land Value

Land Sales, Analysis, Conclusions

There were 11 recent sales considered in the Area 30 land valuation analysis. The market indicates some change in overall land values since the 2004 revalue. However, some adjustments have been made to improve uniformity. The neighborhoods within Area 30 are typically distinguished by their predominant zone classification. In analyzing the sales in Area 30, subject neighborhood and zoning were considered first. Then, sales from other competing neighborhoods were considered in the absence of sales within the subject neighborhood.

The following is a table used in the finalization of land valuation for each of the zone classifications.

Neighborhood	Zone Designation	Land Value/ SF of Land Area
10	IDM-75-85	\$50 - \$90
10	IDM-100-120	\$85 - \$90
10	IDR-150	\$90 - \$100
20	PSM-85-120	\$70 - \$90
20	PSM-100	\$70 - \$90
20	PSM-100-120	\$70 - \$110
30	DOC-2-240	\$165 - \$195
40	DOC-1-450	\$300 - \$500
50	DMC-240	\$182
60	DRC-85-150	\$285
70	DOC-2-300	\$285
80	PMM-85	\$90 - \$122
100	DMC-125	\$90 - \$115
100	DMC-160	\$130
100	DMC-240	\$175 - \$200

In addition to the adjustments made for the reasons stated on the preceding pages, an attempt to recognize additional development rights over and above the rights commensurate with the zoning classification was made. Many lots have transferred development rights (TDR's) to other parcels thereby reducing or eliminating the potential for development on one parcel and increasing the density of development on another parcel. The Assessor has recognized these increases and decreases to development potential by recognizing the amount of TDR's transferred (stated as an increase or decrease to gross building area). This figure is then used in the FAR analysis described above. A list of affected properties (sending lots and receiving lots) was provided by the City of Seattle. Please note, in some instances parcels have sold TDR's to the "city bank", but those rights have not yet been transferred to another parcel. In these instances the Assessor recognizes fewer rights associated with the sending parcel, but does not recognize additional development rights on another parcel as the rights have not been transferred to another parcel yet, but rather remain available for purchase from the "city bank".

The total assessed land value for the 2004 assessment year for Area 30 was \$1,389,007,006 and the total recommended assessed land value for the 2005 assessment year is \$1,467,542,200. Application of these recommended values for the 2005 assessment year (taxes payable in 2006) results in change from the 2004 assessments of + 4.34%. Land values increased in the DMC-240 zone located near the Denny Triangle and slightly in DRC and DOC2-300. The remainder of the land values remained relatively unchanged, except for some adjustments made to improve uniformity.

Improved Parcel Total Values:

Sales comparison approach model description

The sales presented in the Improved Sales Used list range in date from 1/3/2002 to 1/11/2005. There were 29 improved sales in Area 30 considered as good. These are fair market transactions reflective of market conditions at the time sale. The Sales Comparison Approach was used to set value, correlate income values and set condo values.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift Valuation modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Cost estimates were relied upon in the valuation of schools, churches, museums and most buildings in special/public/governmental use.

Cost calibration

The Marshall & Swift Valuation modeling system, which is built in the Real Property Application, is calibrated to the region and the Seattle area.

Income capitalization approach model description

The Income Approach was considered the most reliable approach to valuation throughout Area 30. Income parameters were derived from the market place through the sales listed as well as through market surveys and available publications. A rent survey was performed in the neighborhoods of area 30. This information along with the other sources was relied upon in the estimation of market value via the Income Approach to valuation.

An individual analysis was done for each neighborhood within area 30. Income parameters differed somewhat significantly from neighborhood to neighborhood in some instances and even within neighborhoods in others. A general description of the income parameters used in each neighborhood follows. Income Tables were used in all neighborhoods.

NEIGHBORHOOD 10: INTERNATIONAL DISTRICT

RETAIL, RESTAURANTS, <10,001 SQ FT NRA

LEASE RATE RANGE (NNN)	\$8-\$26
TYPICAL LEASE RATE (NNN)	\$10-\$18
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	\$2.50-\$5.00
CAPTIALIZATION RATE RANGE	8.75%-9%

RETAIL, RESTAURANTS, >10,000 SQ FT NRA

LEASE RATE RANGE (NNN)	\$7-\$16
TYPICAL LEASE RATE (NNN)	\$9-\$12
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	\$2.50-\$5.00
CAPTIALIZATION RATE RANGE	8.75%-9%

OFFICE <50,001 SQ FT NRA

LEASE RATE RANGE (NNN)	\$11-\$18
TYPICAL LEASE RATE (NNN)	\$12-\$16
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	\$2.50-\$3.00
CAPTIALIZATION RATE RANGE	8.75%-9%

APARTMENTS, MULTI RESIDENCES ETC.<200,001 SQ FT NRA

LEASE RATE RANGE	\$10-\$20
TYPICAL LEASE RATE	\$12-\$16
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	\$3.00/sq.ft.NRA
CAPTIALIZATION RATE RANGE	8.75%-10%

STORAGE

LEASE RATE RANGE (NNN)	\$4-\$8
TYPICAL LEASE RATE (NNN)	\$6
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9%

NEIGHBORHOOD 20: PIONEER SQUARE

RETAIL, RESTAURANTS, <20,001 SQ FT NRA

LEASE RATE RANGE (NNN)	\$12-\$28
TYPICAL LEASE RATE (NNN)	\$16-\$22
VACANCY AND COLLECTION LOSS	12%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	8.75%-10.0%

OFFICE <75,001 SQ FT NRA

LEASE RATE RANGE	\$13-\$21
TYPICAL LEASE RATE	\$16-\$20
VACANCY AND COLLECTION LOSS	18%
OPERATING EXPENSES	\$7.50
CAPTIALIZATION RATE RANGE	8.5%-10%

BASEMENT OFFICE <50,001 SQ FT NRA

LEASE RATE RANGE	\$7-\$14
TYPICAL LEASE RATE	\$10-12
VACANCY AND COLLECTION LOSS	20%
OPERATING EXPENSES	30%-35%
CAPTIALIZATION RATE RANGE	9%-10%

APARTMENTS, MULTI RESIDENCES ETC.<200,001 SQ FT NRA

LEASE RATE RANGE	\$10-\$21
TYPICAL LEASE RATE	\$13-\$18
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	30%
CAPTIALIZATION RATE RANGE	8.5%-9%

STORAGE

LEASE RATE RANGE (NNN)	\$4-\$10
TYPICAL LEASE RATE (NNN)	\$5-\$7
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9%

NEIGHBORHOOD 30: DOWNTOWN OFFICE CORE II (SOUTH PORTION)

Total of 4 buildings

OFFICE <97,000SQ FT NRA

LEASE RATE RANGE	\$12-\$28
TYPICAL LEASE RATE	\$18-\$22
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$7.50
CAPTIALIZATION RATE RANGE	8.75%-9.5%

RETAIL, RESTAURANTS, <20,001 SQ FT NRA

LEASE RATE RANGE (NNN)	\$13-\$28
TYPICAL LEASE RATE (NNN)	\$18-\$22
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	8.75%-9.5%

NEIGHBORHOOD 40: DOWNTOWN OFFICE CORE I**OFFICE <90,000SQ FT NRA**

LEASE RATE RANGE	\$12-\$28
TYPICAL LEASE RATE	\$18-\$22
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$7.50
CAPTIALIZATION RATE RANGE	8.5%-10%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$12-\$28
TYPICAL LEASE RATE (NNN)	\$15-\$22
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9.00%

NEIGHBORHOOD 50: DOWNTOWN MIXED COMMERCIAL

OFFICE

LEASE RATE RANGE	\$13-\$30
TYPICAL LEASE RATE	\$18-\$24
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$7.50
CAPTIALIZATION RATE RANGE	8.5%-9.5%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$15-\$32
TYPICAL LEASE RATE (NNN)	\$18-\$26
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	8.5%-9.25%

NEIGHBORHOOD 60: DOWNTOWN RETAIL CORE

OFFICE

LEASE RATE RANGE	\$12-\$30
TYPICAL LEASE RATE	\$22-\$24
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$7.50-\$8.50
CAPTIALIZATION RATE RANGE	8.25%-10%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$16-\$65
TYPICAL LEASE RATE (NNN)	\$30-\$60
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	8.25%-9%

NEIGHBORHOOD 70:DOWNTOWN OFFICE CORE II (NORTH PORTION)

OFFICE

LEASE RATE RANGE	\$12-\$28
TYPICAL LEASE RATE	\$16-\$20
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$5-\$9
CAPTIALIZATION RATE RANGE	8.75%-9.5%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$12-\$22
TYPICAL LEASE RATE (NNN)	\$18-20
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	8.5%-9%

NEIGHBORHOOD 80: PIKE PLACE MARKET**OFFICE**

LEASE RATE RANGE	\$10-\$30
TYPICAL LEASE RATE	\$18-\$24
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$5-\$8
CAPTIALIZATION RATE RANGE	8.5%-9%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$10-\$30
TYPICAL LEASE RATE (NNN)	\$18-\$24
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	8.50%-9%

NEIGHBORHOOD 100: DOWNTOWN MIXED COMMERCIAL**OFFICE**

LEASE RATE RANGE	\$13-\$28
TYPICAL LEASE RATE	\$18-\$24
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$6-\$7
CAPTIALIZATION RATE RANGE	8.5%-9.25%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$13-\$24
TYPICAL LEASE RATE (NNN)	\$18-\$22
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	8.5%-9.25%

Income approach calibration

The models were calibrated after setting base rents by using adjustments based on size, effective age, construction class, quality, and location as recorded in the Assessor's records.

Parking Income Analysis

Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. No turnaround income was recognized on the daily spaces. The Puget Sound Regional Council 2004 Parking Inventory Report was utilized as a basis for establishing parking rates in the various neighborhoods in Downtown Seattle. It divides downtown Seattle into 13 neighborhoods and reports rental rates daily, hourly and monthly. A survey completed in 2004 established expense rates. Stratification adjustments made were based on condition, quality of construction, effective age, and location.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The market rents as established by the income model were used as a guide in establishing the market rental rates used. The market rental rate applied varies somewhat but falls within an acceptable range of variation from the established guideline. The Senior Appraiser before posting reviewed final values selected.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel in the physical inspection neighborhood was field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

The standard statistical measures of valuation performance are presented the 2004 and 2005 Ratio Analysis charts included in this report. Comparison of the 2004 Ratio Study Analysis and the 2005 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level went from 74.7% to 96.2%. The Coefficient of Dispersion (COD) went from 14.22% to 3.88%, the Coefficient of Variation (COV) went from 20.59% to 5.27%, and the Price-related Differential (PRD) went from 1.2 to 1.03.

The total assessed values for area 30 for the 2004 assessment year was \$3,464,610,502 and the total recommended value for the 2005 assessment year is \$3,597,717,100. Application of these recommended values for the 2005 assessment year (taxes payable in 2006) results in an average total change from the 2004 assessments of 5.65%.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the office.

Improvement Ratio Study (Before Revalue) 2004 Assessments

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
Central Crew	1/1/2004	4/20/2005	1/3/02 - 1/11/05
Area	Appr ID:	Prop Type:	Trend used?: Y / N
30	DATK	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	29	<p style="text-align: center;">Ratio Frequency</p>	
Mean Assessed Value	3,577,000		
Mean Sales Price	4,786,200		
Standard Deviation AV	5,510,240		
Standard Deviation SP	9,961,667		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.897		
Median Ratio	0.953		
Weighted Mean Ratio	0.747		
UNIFORMITY			
Lowest ratio	0.5324		
Highest ratio:	1.1986		
Coeffient of Dispersion	14.22%		
Standard Deviation	0.1847		
Coefficient of Variation	20.59%		
Price-related Differential	1.20		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.882		
Upper limit	1.000		
95% Confidence: Mean		These figures reflect measurements <u>before</u> posting new values.	
Lower limit	0.830		
Upper limit	0.965		
SAMPLE SIZE EVALUATION			
N (population size)	465		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1847		
Recommended minimum:	49		
Actual sample size:	29		
Conclusion:	Uh-oh		
NORMALITY			
Binomial Test			
# ratios below mean:	9		
# ratios above mean:	20		
z:	1.856953382		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			

Improvement Ratio Study (After Revalue) 2005 Assessments

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:										
Central Crew	1/1/2005	3/17/2005	1/3/02 - 1/11/05										
Area	Appr ID:	Prop Type:	Trend used?: Y / N										
30	AHAS	Improvement	N										
SAMPLE STATISTICS													
Sample size (n)	29	<div><div>Ratio Frequency</div><table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.9</td><td>1</td></tr><tr><td>1.0</td><td>19</td></tr><tr><td>1.1</td><td>8</td></tr><tr><td>1.2</td><td>1</td></tr></tbody></table></div>		Ratio	Frequency	0.9	1	1.0	19	1.1	8	1.2	1
Ratio	Frequency												
0.9	1												
1.0	19												
1.1	8												
1.2	1												
Mean Assessed Value	4,604,700												
Mean Sales Price	4,786,200												
Standard Deviation AV	9,394,556												
Standard Deviation SP	9,961,667												
ASSESSMENT LEVEL													
Arithmetic mean ratio	0.990	<div>These figures reflect measurements after posting new values.</div>											
Median Ratio	0.993												
Weighted Mean Ratio	0.962												
UNIFORMITY													
Lowest ratio	0.8821												
Highest ratio:	1.1125	<div>These figures reflect measurements after posting new values.</div>											
Coefficient of Dispersion	3.88%												
Standard Deviation	0.0522												
Coefficient of Variation	5.27%												
Price-related Differential	1.03												
RELIABILITY													
95% Confidence: Median		<div>These figures reflect measurements after posting new values.</div>											
Lower limit	0.965												
Upper limit	1.003												
95% Confidence: Mean													
Lower limit	0.971												
Upper limit	1.009												
SAMPLE SIZE EVALUATION													
N (population size)	468												
B (acceptable error - in decimal)	0.05												
S (estimated from this sample)	0.0522												
Recommended minimum:	4												
Actual sample size:	29												
Conclusion:	OK												
NORMALITY													
Binomial Test													
# ratios below mean:	14												
# ratios above mean:	15												
z:	0												
Conclusion:	Normal*												
*i.e., no evidence of non-normality													

Improvement Sales Used for Area 030

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
030	010	524780	1915	7,200	2003576	\$1,050,000	11/18/03	\$145.83	HONG KONG CAFE	IDM-75-	1	Y	
030	010	524780	1920	33,720	1957369	\$2,250,000	05/05/03	\$66.73	ALPS HOTEL-CAFE-STORES	IDM-75-	1	Y	
030	010	524780	2325	17,600	1993887	\$2,750,000	10/08/03	\$156.25	MILWAUKEE HOTEL BLDG	IDM-75-	1	Y	
030	010	524780	2690	8,288	2071796	\$1,350,000	08/16/04	\$162.89	CHINA GATE RESTAURANT	IDM-75-	1	Y	
030	010	524780	2715	14,200	1995972	\$2,000,000	10/16/03	\$140.85	KONG YICK INVESTMENT CO.CAFE	IDM-75-	1	Y	
030	020	093900	0120	42,249	2050961	\$3,800,000	06/30/04	\$89.94	LOWMAN BLDG - UNITED WAY	PSM-100	1	Y	
030	020	093900	0125	21,260	1971855	\$2,829,500	07/07/03	\$133.09	LOWMAN & HANFORD BUILDING	PSM-100	1	Y	
030	020	524780	0115	32,170	1920452	\$1,180,000	11/06/02	\$36.68	LUCKY HOTEL/KILLION BLDG	PSM-100	1	26	Imp changed after sale; not in ratio
030	020	524780	0125	9,000	1879011	\$1,600,000	04/11/02	\$177.78	MARATHON BUILDING	PSM-100	1	Y	
030	020	524780	0255	64,500	2087304	\$8,750,000	12/01/04	\$135.66	HERITAGE BUILDING	PSM-100	1	Y	
030	020	524780	0280	72,408	2087311	\$8,500,000	12/01/04	\$117.39	F X MC RORY BUILDING	PSM-100	1	Y	
030	020	524780	0300	55,826	1982412	\$7,500,000	08/22/03	\$134.35	WESTLAND BLDG	PSM-100	1	Y	
030	020	524780	0380	14,724	1920451	\$2,780,000	11/06/02	\$188.81	BUTTNICK BLDG	PSM-100	1	26	Imp changed after sale; not in ratio
030	020	524780	0385	5,383	1920453	\$1,499,000	11/06/02	\$278.47	LOFT BUILDING WITH RESTAURANT	PSM-100	1	26	Imp changed after sale; not in ratio
030	020	524780	0715	12,960	1920454	\$2,000,000	11/06/02	\$154.32	CADILLAC HOTEL/FENIX UNDERGR	PSM-100	1	26	Imp changed after sale; not in ratio
030	020	524780	0715	12,960	1920445	\$2,000,000	11/06/02	\$154.32	CADILLAC HOTEL/FENIX UNDERGR	PSM-100	1	26	Imp changed after sale; not in ratio
030	020	524780	0855	16,368	1964456	\$975,000	06/04/03	\$59.57	MOSES BUILDING (LOFT)	PSM-100	1	Y	
030	020	524780	0860	6,588	2035395	\$1,175,000	04/30/04	\$178.35	FULTON HOTEL BLDG/FERRIS GAR	PSM-100	1	Y	
030	020	524780	0965	5,940	1862366	\$695,000	01/03/02	\$117.00	MONTAREY HOTEL BLDG (VAC)	PSM-100	2	Y	
030	020	524780	0980	2,400	2052596	\$500,000	06/30/04	\$208.33	BOGART'S ON WASHINGTON	PSM-100	1	Y	
030	020	766620	6851	41,758	1880410	\$700,000	03/29/02	\$16.76	WASHINGTON SHOE BLDG.	PSM-85-	1	26	Imp changed after sale; not in ratio
030	020	766620	6851	40,500	1880411	\$700,000	04/15/02	\$17.28	ASIAN FURNISHINGS-WAREHOUSE	PSM-85-	1	34	Use-change after sale; not in ratio
030	030	093900	0240	43,458	1914001	\$5,880,000	10/03/02	\$135.30	FOSTER & MARSHALL BUILDING	DOC2-24	1	34	Use-change after sale; not in ratio
030	030	094200	1095	8,000	1985623	\$895,000	09/03/03	\$111.88	RETAIL-RESTAURANT-POLICE GUI	DOC2-24	1	Y	
030	050	093900	0515	26,640	2041204	\$6,550,000	05/19/04	\$245.87	HOLYOKE BUILDING	DOC2-25	1	Y	
030	060	197570	0180	149,882	2095719	\$55,100,000	01/10/05	\$367.62	COLDWATER CREEK	DRC 85-	2	Y	
030	070	065900	0710	21,600	2056813	\$2,800,000	07/21/04	\$129.63	JERSEY'S	DOC2-30	1	Y	
030	070	066000	0705	36,490	2096340	\$5,675,000	01/11/05	\$155.52	RAY & BONAIR APARTMENT	DOC2-30	1	Y	
030	080	197720	0435	41,568	1992644	\$4,198,000	09/30/03	\$100.99	HOTEL FAIRMONT AND JONES BLD	PMM-85	1	Y	
030	080	269480	0010	5,000	1929581	\$1,600,000	12/19/02	\$320.00	CONDO - RETAIL	PMM-85	1	Y	
030	080	332400	0380	1,299	1965515	\$215,000	06/04/03	\$165.51	CONDO - RETAIL	PMM-85	1	Y	
030	080	766620	2390	16,129	1907581	\$2,800,000	08/29/02	\$173.60	BAKUN BLDG	PMM-85	1	26	Imp changed after sale; not in ratio
030	100	066000	0025	5,400	2067933	\$1,243,717	09/01/04	\$230.32	Top Pot Donuts	DMC-240	1	Y	
030	100	066000	0500	3,457	1965238	\$700,000	06/10/03	\$202.49	JOKER RESTAURANT	DMC-240	1	26	Imp changed after sale; not in ratio
030	100	066000	0545	43,200	1952204	\$4,625,000	04/16/03	\$107.06	OFFICE & WHSE	DMC-240	1	Y	
030	100	066000	0575	32,160	1985941	\$3,250,000	08/29/03	\$101.06	COSMOPOLITAN MOTORS	DMC-240	1	Y	
030	100	066000	1490	16,502	1909597	\$1,550,000	09/13/02	\$93.93	CITY BEAT DANCING & ORION CNT	DMC-125	2	26	Imp changed after sale; not in ratio
030	100	197720	0855	30,500	1975282	\$1,200,000	07/25/03	\$39.34	1ST & LENORA BLDG	DMC-240	1	26	Imp changed after sale; not in ratio
030	100	197720	0970	48,840	2028675	\$2,700,000	04/01/04	\$55.28	SAINT REGIS HOTEL	DMC-240	1	Y	
030	100	197720	1130	6,480	1916008	\$1,600,000	10/16/02	\$246.91	BUSHELLS AUCTION CO	DMC-240	1	Y	
030	100	197720	1245	51,840	2000247	\$2,625,000	10/20/03	\$50.64	MARSHALL BLDG	DMC-240	1	Y	